

TESTIMONY OF CHERIE BREWER

1. My name is Cherie Brewer. I am employed by KSRM, Inc. as the General Manager of radio stations KSRM(AM) and KWHQ-FM, Kenai, Alaska, and KSLD(AM) and KKIS-FM, Soldotna, Alaska. KSRM, Inc. is the licensee of those stations. I have been the General Manager since November of 2000. I was the Sales Manager/Marketing Director of the stations from April 1, 1999 until I became the General Manager. I retained the title and duties of Sales Manager/Marketing Director when I became General Manager.

2. As Sales Manager/Marketing Director I supervise the sales staff of KSRM, Inc. and also personally handle all national, regional and direct advertising placed with our stations. Since April of 1999 and until Peninsula recently turned off its translators, Peninsula Communications, Inc. ("Peninsula") has been a direct competitor of our stations for market share and advertising revenue because it has broadcast into the Kenai/Soldotna market area. After he recently turned off Peninsula's translators, David Becker, Peninsula's owner, vowed to continue to litigate his right to turn them back on. Consequently, it is too soon to tell whether the translators will remain off of the air long enough to impact KSRM, Inc.'s business. KSRM, Inc. would anticipate an increase in its advertising revenue if Peninsula's translators permanently remain off of the air.

3. KSRM, Inc. broadcasts reach only the populations centered in Kenai and Soldotna. With the use of its translators, Peninsula broadcast over a larger geographical area than any of its competitors. It broadcast not only into Homer, its primary market, but also, on KWVV-FM and KPEN-FM into Kenai/Soldotna, Kodiak and Seward. As a consequence, Peninsula marketed its operations as the area super stations.

Federal Communications Commission

Docket No. 02-21 Exhibit No. EB32

Presented by EB

Disposition	Identified	<u>9-26-02</u>
	Received	<u>9-26-02</u>
	Rejected	<u> </u>

Reporter E. Thomas

Date 9-26-02

4. The super stations concept allowed Peninsula to sell commercial time on its stations to advertising agencies in Anchorage, Seattle and other cities outside of Alaska, who represent national clients such as McDonalds, Burger King, Midas, Chrysler, Ford and Chevrolet, each of which had franchises or operations not only in Kenai, but also wanted to reach potential clients in Homer, Kodiak and Seward, and also to politicians in state-wide or regional-wide races. With one buy, the agency or politician could reach the entire Kenai Peninsula as well as Kodiak Island for its client. Similarly, local businesses in Kenai and Soldotna would often purchase advertising time on KWVV-FM and KPEN-FM, not because those stations had higher local ratings than KSRM, Inc.'s stations, but because Peninsula's stations reached potential customers via its translators that KSRM, Inc.'s stations could not reach. Thus, even though KSRM, Inc.'s stations have the bulk of the listening audience in Kenai and Soldotna, which, in turn, have more people than Homer, Seward and Kodiak combined, we lost potential sales because Peninsula continued to operate its translators after it should have shut them down.

5. Their super station concept also assisted Peninsula in undercutting the advertising rates of KSRM, Inc. Because Peninsula could charge an advertising fee for each of the markets where its advertisements were broadcast, and the translators allowed those advertisements to be broadcast in more markets, Peninsula was able financially to charge a cheaper rate per spot than KSRM, Inc. Although it is less expensive to advertise on KSRM, Inc. stations if an advertiser compares the cost per 1000 listeners, advertisers thought that they were getting a better price for advertising with Peninsula because it was cheaper per spot to advertise with them. Due to the large geographical area to which its stations broadcast, Peninsula was able to misconstrue that market share information to

advertisers who did not understand that the Kenai/Soldotna market is the largest listening market. Each year Peninsula and KSRM, Inc. contribute to commission a market share survey that consistently shows that KSRM, Inc. has the largest market share in the Kenai/Soldotna market. Peninsula did not use that survey, however, when soliciting advertisers. Peninsula alone commissioned a separate market share survey for the entire Kenai Peninsula Borough. It includes the Homer, Seward and Kodiak markets. In it, Peninsula has the largest peninsula-wide market share because KSRM, Inc. is not heard in the Homer, Seward and Kodiak markets. Peninsula was, thus, able to misconstrue the ratings information, and undercut our advertising rates, because the translators allowed Peninsula to be heard in areas where we cannot broadcast. As a consequence, national advertisers, politicians and local merchants advertised with Peninsula because they thought that the wider geographic coverage made it cheaper to do so.

6. KSRM, Inc. has also lost business to Peninsula because of the latter's illegal operation of its translators for the simple reason that Peninsula's costs in the Kenai/Soldotna market (as well as the Kodiak and Seward markets) are always going to be lower than its full-power competitors. Peninsula maintained its programming staff in Homer. Although Peninsula has a small studio in Kenai, it is never used to deliver local programming, nor is it manned daily. When you call Peninsula in Kenai you get an answering machine. Moreover, Peninsula has no studios in either Seward or Kodiak. Its expenses in those markets have been limited to maintaining the translators and covering the costs of any sales efforts made. Thus, as a practical matter, any money spent for advertising in Kodiak and Seward has gone to Homer, where Peninsula is situated; little or none stayed in those communities.

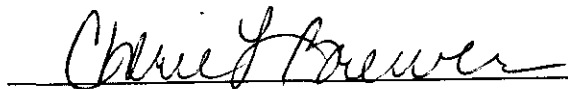
7. As a full-service and community-oriented licensee, KSRM, Inc., owns and maintains a local studio housing its four stations. Each of its stations, broadcasts live local programming. KSRM, KKIS and KWHQ broadcast live local programming daily. Each of the four stations, including KSLD, also offer live remote broadcasts from events of community interest. KSRM, KKIS, KWHQ and KSLD offers live coverage of all four local high school sports. Peninsula Communications covers only one high school locally. Additionally, KSRM, Inc. often contributes free air-time and/or prize and monetary donations to community causes. The increased costs associated with these functions include not only the mortgage, insurance, utility, studio and broadcast equipment and building maintenance costs associated with maintaining and using a local studio building, but the staff required to broadcast locally, including staff expenses for attending community events; the music library necessary to broadcast live shows; the entertainment-related subscriptions, like Fast Facts, necessary to offer games and contests in order to entertain the audience; the additional equipment and staff required for remote broadcasts, and the prizes and free air-time contributed to worthy community causes.

8. KSRM, Inc. has proudly served its local communities of Kenai and Soldotna through news programming, public affairs programming, youth activities and other community service for more than 30 years. KSRM, Inc. maintains memberships in the local Chambers of Commerce and Rotary Clubs and staff regularly attend luncheons and meetings regarding community-related matters. KSRM, Inc. has an active, physical presence, at community events. It sponsors and broadcasts sporting events at all four local high schools, the Peninsula Oilers games and broadcasts live coverage of Industries Appreciation Day festivities and the July 4th and Progress Days parades. This year,

KSRM, Inc. is sponsoring the American Legion's 9/11 memorial service. For 18 years KSRM has donated one full day of airtime to the local Women's Resource and Crisis Center for their Radio-thon. With KSRM's assistance, the WRCC has been able to raise more than \$35,000 annually for its cause. KSRM, Inc. also regularly donates air-time to non-profit organizations. Peninsula, on the other hand, has spent little time or effort serving Kenai and Soldotna. Normally, if Peninsula was not getting paid to participate in a local event, it was not at the event. Peninsula's presence in Kenai and Soldotna has basically been limited to selling advertisements and providing music. While important in their own right, these activities are not, and have never been, the essence of public service.

9. KSRM, Inc. willingly complies with all FCC requests. Peninsula does not. KSRM, Inc. is a member in good standing with the Alaska Broadcaster's Association. Peninsula is not. Peninsula has had a contract for the past several years to broadcast Borough Assembly meetings. I attended a meeting of the Borough Assembly's media subcommittee which was held to discuss whether that broadcast contract should be put up for bid. I told the committee that, in my opinion, the contract should not be awarded to Peninsula because Peninsula was operating its translators in defiance of FCC rulings and has litigation filed by the FCC pending against it. I pointed out that KSRM, Inc. had turned off its translators when told to do so by the FCC. In response to my comments, David Becker told the subcommittee that he had legally operated the translators until the FCC changed its mind about them. He stated that KSRM, Inc. did not have to turn off its translator in response to the FCC's directive and that KSRM, Inc. should have fought the FCC rather than comply with its ruling. Because Peninsula continued to broadcast

I declare under penalty of perjury under the laws of the United States of America
that the foregoing is true and correct. Executed on this 09th day of September,
2002.

A handwritten signature in cursive script, reading "Cherie Brewer", is written over a horizontal line.

Cherie Brewer

EB 32A

TESTIMONY OF CHERIE BREWER

1. My name is Cherie Brewer. I am employed by KSRM, Inc. as the General Manager of radio stations KSRM(AM) and KWHQ-FM, Kenai, Alaska, and KSLD(AM) and KKIS-FM, Soldotna, Alaska. KSRM, Inc. is the licensee of those stations. I have been the General Manager since November of 2000. I was the Sales Manager/Marketing Director of the stations from April 1, 1999 until I became the General Manager. I retained the title and duties of Sales Manager/Marketing Director when I became General Manager.

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peninsula-wide with the use of its translators, the Borough Assembly continued to contract with Peninsula to broadcast its meetings.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed on this 10th day of September, 2002.

A handwritten signature in cursive script, reading "Cherie Brewer", is written over a horizontal line.

Cherie Brewer